

99 Speed Mart Retail (99SMART MK)

4Q25: Within Expectations As SSSG Remains Robust

Highlights

- Results fell within expectations as the previous quarter's robust SSSG was sustained.
- Margins were largely unchanged, save for a higher effective tax rate that marginally lowered core margins. Dividend payout was raised.
- Maintain HOLD with an unchanged target price of RM3.80.

4Q25 Results

Year to 31 Dec (RMm)	4Q25	qoq % chg	yoy % chg	2025	yoy % chg	Comments
Revenue	3076.1	1.3	19.0	11433.3	14.6	4Q25 yoy growth was driven by enlarged store count of 9.3% and SSSG of +11.6%.
GP	330.9	0.8	25.1	1298.7	29.8	
EBITDA	294.5	0.0	21.5	1138.6	19.9	
PBT	208.8	-1.3	26.1	813.5	23.5	
Profit	157.2	-2.2	26.3	614.2	24.2	
Core Profit	157.2	-2.2	26.3	614.2	19.8	Within expectations at 97% of ours and consensus estimates.

Margins	(%)	qoq ppt chg	yoy ppt chg	(%)	yoy ppt chg
Gross Profit	10.8	-0.1	0.5	11.4	1.3
EBITDA	9.6	-0.1	0.2	10.0	0.4
Eff. tax rate	-24.7	-0.6	0.1	-24.5	0.4
Core Profit	5.1	-0.2	0.3	5.4	0.2

Source: 99SM, UOB Kay Hian

Analysis

- Broadly within expectations.** 99 Speed Mart Retail (99SM) posted a 4Q25 core profit of RM157.2m (-2.2% qoq, 26.3% yoy), which brought 2025 core profit to RM614.2m (+19.8% yoy). The core profit is broadly within expectations at 70% of our and consensus full-year earnings forecasts respectively. SSSG remained robust, underpinned by Sumbangan Asas Rahmah (SARA) subsidy spending and extended operating hours amid unchanged margins. 99SM raised its payout to 61.5% for 2025 (2024: 57.6%).

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	9,981.6	11,433.3	12,705.5	14,023.6	15,359.1
EBITDA	949.6	1,138.6	1,252.6	1,392.9	1,537.1
Operating profit	703.6	861.5	979.4	1,090.2	1,187.0
Net profit (rep./act.)	490.3	614.2	700.1	780.3	846.6
Net profit (adj.)	498.6	614.2	700.1	780.3	846.6
EPS	5.9	7.3	8.3	9.3	10.1
PE	66.5	54.0	47.4	42.5	39.2
P/B	21.0	18.3	16.1	14.3	12.9
EV/EBITDA	311.2	222.4	220.6	188.2	161.5
Dividend yield	0.9	1.1	1.4	1.6	1.8
Net margin	5.0	5.4	5.5	5.6	5.5
Net debt/(cash) to equity	8.3	10.7	11.8	14.5	18.9
Interest cover	14.8	17.0	17.8	18.3	17.1
ROE	41.1	33.9	35.2	33.9	33.1
Consensus net profit	n.a	n.a	746	825	897
UOBKH/Consensus (x)	n.a	n.a	0.94	0.95	0.94

Source: 99SM, Bloomberg, UOB Kay Hian

HOLD (Maintained)

Share Price	RM3.95
Target Price	RM3.80
Upside	-3.8%

Analyst(s)

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Stock Data

GICS Sector	Consumer Staples
Bloomberg ticker	99SMART MK
Shares issued (m)	8,400.0
Market cap (RMm)	33,180.2
Market cap (US\$m)	8,503.8
3-mth avg daily t'over (US\$m)	7.6

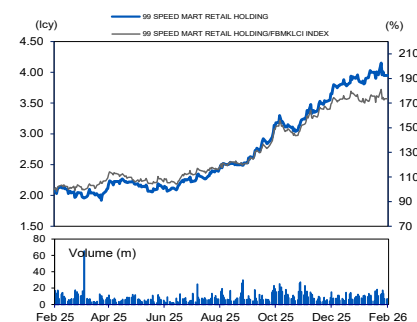
Price Performance (%)

52-week high/low			RM4.15/RM1.92	
1mth	3mth	6mth	1yr	YTD
-0.1	21.3	57.2	37.8	84.5

Major Shareholders

	%
Lee Thiam Wah & family	83.0

Price Chart



Source: Bloomberg

Company Description

Homegrown 99 Speedmart is the largest mini-market player and the leading grocery retailer in Malaysia. Apart from groceries, the chain is involved in the retailing of daily necessities.

- **Strong 4Q, momentum to sustain in 1H26.** 4Q25 revenue grew 19.0% yoy and 1.3% qoq. On a yoy basis, growth was driven by an enlarged store count of 9.3% or 259 new stores to bring its latest store count to 3,037 stores (+71 new stores qoq). 4Q25 SSSG came in at +11.6% yoy (3Q25: 11.9%, 2025: 7.8% yoy), which has been attributed to the SARA cash assistance programme and extended operating hours nationwide, starting from 9am (10am previously).
- **SSSG should be positive in 2026 despite 2025's blockbuster showing.** 2026 SSSG is likely to moderate off a high base effect, but should still come in positive, especially anchored by a robust 1H26, owing to 2026's SARA cash assistance being rolled out on 9 Feb 26 coupled with 99SM's extended operating hours, that was implemented in Jul 25. As the nation's leading staple retailer, 99SM should continue to capture a disproportionate share of SARA disbursements relative to peers, albeit at a lower quantum versus 2025 as consumers gain access to a wider product assortment and more participating retailers.
- **Largely unchanged margins.** 4Q25 gross margin remain largely unchanged at -0.1ppt qoq to 10.8% as both quarters enjoyed SARA-driven volume. Similarly, sequential operating margins were largely unchanged. The gained economies of scale lifted operating margins yoy by 0.2ppt despite the hike in minimum wage and electricity tariff among other costs. 4Q25 core margins were marginally softer at -0.2ppt qoq at 5.1% off a higher effective tax rate.

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of RM3.80.** Despite offering a three-year earnings CAGR of 11.3% that is firmly underpinned by store rollouts and highly resilient SSSG, we believe upside is largely limited by its lofty valuations. Our target price is based on a PE peg of 44.3x 2026F PE, aligned to Nestle's seven-year historical mean PE.

Earnings Revision/Risk

- **Earnings revision:** 2026-27 earnings are adjusted by -3.0/-2.3% following housekeeping changes to our model as we introduce 2028's forecast.
- **Risks include** a sharp hike in minimum wage in the supply chain, foreign labour policy and unfavourable publicity or fails in internal controls.

Assumption Drivers

	2026F	2027F	2028F
Revenue growth (%)	14.5	11.1	10.4
Store count avg	2908	3167	3427
Net addition	259	260	260
Growth yoy (%)	9.6	8.9	8.2
Revenue per store (%)	4.5	2.0	2.0
Core profit (RMm)	614.2	700.1	780.3
Core profit growth (%)	23.2	14.0	11.5
Core profit margin (%)	5.4	5.5	5.6

Source: UOB Kay Hian

Store Penetration Remains Low in Certain Regions

Region	Outlets/ Million Population
Peninsular Malaysia	89.3
Central	109.5
East Coast	25.2
Northern	87.1
Southern	109.3
East Malaysia	40.2

Source: 99SM

Environmental, Social, Governance (ESG)

Environmental
- Energy efficiency. Enhancing energy efficiency in outlets and properties helps achieve significant savings and emissions reductions; for example, installing solar panels at 15 out of its 17 distribution centres.
- Waste management. Since May 23, the company's "Say No to Plastic Bags" campaign in Peninsular Malaysia has been promoting a zero plastic bag policy, with plans to expand it to East Malaysia. Some 21,500 tonnes of packaging waste were recycled in 2023, generating RM42m in proceeds.
Social
- Community contribution. 99SM's presence spans across the country, extending to small towns and rural areas, where employment opportunities may be limited. As such, 99SM aims to prioritise employment of the locals. 99SM employs over 21,000 Malaysians, who make up more than 95% of its workforce.
- Diversity and inclusion. Approximately 49.7% of 99SM's workforce are female and the remaining 50.3% are male.
Governance
- Transparency and accountability. 99SM has put in place practices in accordance with the principles provided in the Malaysian Code on Corporate Governance (MCCG) issued by the Securities Commission.
- Board independence. 99SM meets MCCG's recommendations to have at least 30% female directors and a majority of independent directors.

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	11,433	12,706	14,024	15,359
EBITDA	1,139	1,253	1,393	1,537
Deprec. & amort.	277	273	303	350
EBIT	861	979	1,090	1,187
Total other non-operating income	0	0	0	0
Associate contributions	0	0	0	0
Net interest income/(expense)	-48	-52	-57	-66
Pre-tax profit	814	927	1,034	1,121
Tax	-199	-227	-253	-275
Minorities	0	0	0	0
Net profit	614	700	780	847
Net profit (adj.)	614	700	780	847

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	900	682	1002	1110
Pre-tax profit	814	927	1034	1121
Tax	-198	-227	-253	-275
Deprec. & amort.	260	273	303	350
Associates	0	0	0	0
Working capital changes	28	-279	-67	-69
Other operating cashflows	-2	-12	-14	-18
Investing	-142	-178	-196	-100
Capex (growth)	-173	-190	-210	-118
Proceeds from sale of assets	0	0	0	0
Others	31	12	14	18
Financing	-559	-626	-719	-820
Dividend payments	-378	-452	-527	-597
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	0	0	0	0
Others/interest paid	-181	-174	-192	-223
Net cash inflow (outflow)	200	-122	87	190
Beginning cash & cash equivalent	698	898	776	863
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	898	776	863	1053

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	1615	1355	1396	1306
Other LT assets	8	100	192	319
Cash/ST investment	898	776	863	1053
Other current assets	1555	1929	2123	2320
Total assets	4076	4161	4574	4998
ST debt	0	3	3	3
Other current liabilities	1419	1662	1907	2193
LT debt	0	0	0	0
Other LT liabilities	842	432	346	236
Shareholders' equity	1815	2063	2317	2566
Total liabilities & equity	4076	4161	4574	4998

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	1.3	1.1	1.2	1.3
Pre-tax margin	7.1	7.3	7.4	7.3
Net margin	5.4	5.5	5.6	5.5
ROA	14.7	16.7	17.3	18.2
ROE	31.7	36.1	35.6	38.6
Growth				
Turnover	14.5	11.1	10.4	9.5
EBITDA	19.9	10.0	11.2	10.4
Pre-tax profit	22.0	14.0	11.5	8.5
Net profit	23.2	14.0	11.5	8.5
Net profit (adj.)	23.2	14.0	11.5	8.5
EPS	23.2	14.0	11.5	8.5
Leverage				
Debt to total capital	0.0	16.6	14.8	13.4
Debt to equity	0.0	0.2	0.1	0.1
Net debt/(cash) to equity	-49.5	-48.0	-52.5	-62.0
Interest cover	17.0	17.8	18.3	17.1

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